

LEADERS OF A CULTURAL REVOLUTION

Norm Phelps and Pam Godwin talk about how they are rewriting the rules at Capital Holding's DRG.

IQ: Some management experts believe that changing the culture of an organization is enormously difficult – perhaps impossible. How do you feel about that?

PHELPS: Peter Drucker says you can't change culture, that you have to work with it. I disagree with him on that point. The culture of an organization is just the representation of the beliefs, attitudes and behaviors of the people who work there. It is something a leader can change. If you come into a key leadership role with fundamental beliefs that are markedly different from those in the current culture, you have two choices: tackle the culture head on or leave. To maintain any integrity with your own values and beliefs as a CEO, you must try to change the key aspects of the culture that you disagree with. If you can't, you should get out because you're the wrong person for that job. People will behave in a way you won't like – they won't be open with you.

GODWIN: I'm convinced you can change culture. You have to do three things, however. One is to make sure your people understand that you are not changing it arbitrarily; they have to understand the tremendous forces of change in the business world that call for different strategies and management practices. The second is not to say the existing culture is bad or that it was bad in the past – rather that there are many good things about it that can be built upon. Third, you have to make changes and then point to them as representative of the new culture.

Sometimes, I hear people say that something is “not the way we do things around here.” I tell them, “Wrong, this is not an exception in the old culture,

Since 1990, Norm Phelps and Pam Godwin have been leading the reengineering effort at Capital Holding Corp.'s Direct Response Group. Phelps is president of the \$654 million (1991 revenues) insurance organization, which includes National Liberty Corp. and Worldwide Underwriters. Godwin is senior vice president of the customer management division.

INSIGHTS QUARTERLY
Editor Robert Buday interviewed the executives at DRG's Valley Forge, Pennsylvania, headquarters.

PHOTOGRAPHS BY CHIP FANELLI